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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/209
10 February 1964

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
24 January - 6 February 1964

Recent Communist efforts to promote trade in Brazil include the establishment of a permanent Hungarian trade office in Sao Paulo in December 1963 and the visit of an East German trade mission in January. The Hungarians also plan an industrial and commercial exhibition to open on 20 March in Sao Paulo, and East Germany and North Korea hope to expand trade relations by setting up local firms. A Brazilian trade mission now in Czechoslovakia has the announced purpose of breaking the stalemate in trade between the two countries.

Turkey's state mining enterprise has concluded a contract with a Polish foreign trade organization, CEKOP, for the construction of a boron ore processing plant. A 6-year credit, valued at about \$840,000, has been extended to cover the cost of design, machinery, and equipment; in addition, CEKOP will provide specialists to supervise the installation of the equipment and the initial operation of the plant. Some training of Turkish personnel will be given in Poland.

The recently completed 7-week tour by Chinese Communist Premier Chou En-lai and Foreign Minister Chen Yi of the UAR and nine other African countries represented a new stage in the Sino-Soviet competition for influence among the emerging nations. Conversations with the leaders of the countries covered a wide range of political, economic, and cultural subjects and may result in an expansion of Communist China's ties with Africa.

Afghanistan has informed the USSR that its requirements for Soviet oil have been reduced and proposes cutting its imports by 20,000 to 30,000 tons during 1964. This reduction would be offset by increased imports from Iran and Pakistan. In a related development, Afghanistan has granted to Western oil companies a tax waiver on imports of aviation fuel and has promised distribution rights as inducements to these companies for the management of fueling operations at Kabul and Kandahar airfields.

The first delivery of Chinese Communist military equipment to Cambodia, consisting of at least 26 cases of small arms and about 20 trucks, arrived at Sihanoukville in mid-January. Seven Chinese military personnel arrived in Phnom Penh at about the same time.

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Officials from Nepal and Communist China have been negotiating the implementation of the \$21 million grant extended to Nepal in 1960 and have reached preliminary agreement on a number of new projects. Thus far, only \$100,000 has been drawn, primarily for the construction of a tannery and shoe factory located at Katmandu.

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